



EDUCATION REFORM

MORE FUNDS – AND A CHANGE OF DIRECTION

Overview

The education reform plan agreed to this week by House and Senate conferees (H.R. 1) represents a modification of the President's original proposal – but not a wholesale departure. Although some details were still being drafted the night before House floor consideration was scheduled, the principal elements are clear. They show that the President's approach remains intact, including annual testing requirements and sanctions for failing schools.

Under the conference report, there would be more Federal education programs (45) than the President called for, but fewer than now exist. The \$26.5 billion in overall authorized funding for fiscal year 2002 is more than either the President or the House proposed, but less than the Senate approved.

Because the conference report merely authorizes funds that are subject to subsequent appropriations bills, it does not breach any applicable levels in the budget resolution. The actual funding for fiscal year 2002 will be determined in the final Labor-Health and Human Services-Education appropriations bill, which is expected to provide not more than the House-authorized level of \$23 billion. Pursuant to the bipartisan agreement between the Congress and the

administration, the House Budget Committee has reported a bill (H.R. 3084) increasing the appropriate levels in the budget resolution, and the discretionary spending limits established in the Deficit Control Act, to accommodate additional resources in areas such as education.

Perhaps most significant, from the standpoint of cost, is that the Senate's special education provision – converting the Individuals With Disabilities Education Act [IDEA] into a mandatory spending program – has been dropped. The conference report also ties two important principles of reform to these funding levels. First, Federal funds can be withheld from schools that do not produce results. Second, students in consistently low-performing schools deserve alternative educational options. Although private school choice is gone, public school choice remains, and students attending consistently failing schools can eventually use Federal funds to obtain private tutoring.

The President's Plan

The President's "No Child Left Behind" plan proposed to inject accountability and flexibility into a Byzantine structure of 55 Federal elementary and secondary education

H.R. 1 – SELECTED MAJOR INCREASES

(in millions of dollars)

	Fiscal Year 2001 Final Appropriation	H.R. 1 Authorization Level for Fiscal Year 2002
Title I Grants to Low-Income Schools	8,600	13,500
Teacher Quality Grants	2,230	3,180
Reading Instruction	290	980
State Standards and Assessments	0	490

Sources: Fiscal Year 2001 Labor-HHS appropriations bill; Committee on Education and the Workforce.

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programs that had remained largely unchanged since the original passage of the Elementary and Secondary Education [ESEA] Act in 1965.

Accountability would come from requiring annual testing of all students in reading and math in grades 3-8. Failing schools would be required to take remedial actions; if they continued to fail, their students would be allowed to transfer to either public or private schools. Failing schools would also be subject to State takeover.

The President sought to reduce the complexity of ESEA by consolidating similar programs (reducing the overall number from 55 to 32), and to add flexibility by allowing State governments and local school districts more discretion in their use of funds.

The \$19-billion price tag included \$900 million for early reading instruction in scientifically based methods; a \$375-million increase for teacher development; \$320 million to help States develop and implement annual reading and math assessments for all students in grades 3-8; and \$459 million to help State governments and school districts turn around failing schools.

House Consideration

The measure grew more complex, and more costly, in the House. The final House-passed version increased the number of programs back to 47 and increased the bill's 1-year price tag from \$19 billion to \$23 billion. Otherwise, however, the President's proposal remained essentially intact.

Senate Consideration

In the Senate, new programs were added to the bill haphazardly, and at an alarming rate – exploding to a total of 89. Further, the fiscal year 2002 price tag of the bill grew to \$31.7 billion. That does not include the most costly new element of the Senate bill – a provision that would make IDEA (special education) a *mandatory* funding program. Although IDEA has been, and remains, a House priority, the Senate provision carried the daunting cost of \$181 billion over 10 years. Besides, IDEA – which is authorized separately – is scheduled to come up for reauthorization next year. The President proposed a \$1-billion increase for the program, while the House-passed Labor-HHS appropriations bill contains a \$1.4-billion increase.

The Senate also delayed implementation of the enforcement measures that could be taken against low-performing schools, and removed the private school choice option for students attending consistently low-performing public schools.

Conference

Yet lengthy conference negotiations returned the plan closer to the administration and House versions, as noted above. Even more important are the two fundamental reform principles retained in the conference report: that Federal funds can be withheld from failing schools, and that students in consistently bad schools deserve alternatives. These are powerful ideas – ideas that, once established, may gather their own momentum.

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